

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

IN THE MATTER OF:

PROPOSED ACQUISITION OF,
CONTROL OF, AND MERGER
WITH, RESPONSE INSURANCE COMPANY
OF AMERICA BY
RESPONSE WORLDWIDE DIRECT AUTO
INSURANCE COMPANY,

CASE NO.: A-HC-05-02

Applicant

ORDER

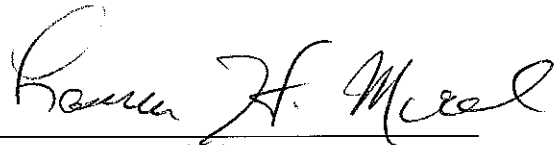
The District of Columbia Department of Insurance, Securities and Banking (the "Department") has jurisdiction to consider whether to approve the proposed acquisition of control of, and merger with, Response Insurance Company of America ("RICA") by Response Worldwide Direct Auto Insurance Company ("RWD" or "Applicant") pursuant to the Holding Company System Act of 1993, D.C. Code § 31-701 *et seq* (the "HCS Act"), and the Administrative Procedure Act, D.C. Code § 2-501 *et seq*.

On September 7, 2005, RICA, a District of Columbia domestic, filed a Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (the "Form A") with the Department requesting approval by the Commissioner of the Department of RWD's proposed acquisition of control of, and merger with RICA. RICA was incorporated in the District of Columbia on October 20, 1999, as a stock insurance company. RICA was organized to transact property and casualty insurance and reinsurance. RICA is a wholly owned subsidiary of Warner Insurance Company ("Warner"), a Connecticut insurance company, which in turn is a subsidiary of Direct Response Corporation ("DRC"), a holding company organized under the laws of Delaware. RWD, which is an affiliate of RICA, is also a wholly owned subsidiary of DRC through its subsidiary Warner.

Pursuant to the Merger Agreement, RICA will be merged into RWD, with RWD designated as the surviving entity, and RICA will be dissolved. After the completion of the merger, each share of RICA and RWD issued and outstanding immediately prior to the effective time shall become and be converted into the right to receive one-half of one share of the surviving company RWD. The merger will be consummated without the exchange of any consideration between the affiliated parties. The surviving RWD will continue operating as a direct writer of private passenger automobile insurance.

RICA currently has three (3) policyholders. Based on conversations between the Department and RICA and a September 22, 2005 letter from RICA to the Department, RICA communicated to the policyholders, without objection, that their policies would be reassigned to a Delaware affiliate of DRC and that they would be offered a premium discount. In reviewing the Form A and supporting documents, the Department has been unable to identify any solvency concerns or issues related to whether the transaction would substantially lessen competition in the District. Accordingly, the Department, upon review and consideration of RWD's Form A application, finds that the proposed acquisition and merger will not prejudice the interests of the RICA policyholders or be hazardous to the insurance buying public in the District.

It is therefore **ORDERED** that the proposed acquisition of control of, and merger with, Response Insurance Company of America ("RICA") by Response Worldwide Auto Insurance Company ("RWD") pursuant to the Holding Company System Act of 1993, D.C. Code § 31-701 *et seq.*, be and is hereby authorized and approved.

A handwritten signature in dark ink, appearing to read "Lawrence H. Mirel", written over a horizontal line.

Lawrence H. Mirel
Commissioner

Dated this 29 of Sept., 2005.